

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has conducted a limited review on the Shareholders' Mandate for Additional Recurrent Related Party Transactions of this Circular and has not peruse the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions as it is prescribed as an exempt documents pursuant to the Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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MTD ACPI ENGINEERING BERHAD

Registration No. 199301004099 (258836-V)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE; AND**

**PROPOSED SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolutions in respect of the above proposals will be tabled as Special Business at the Twenty-Seventh Annual General Meeting ("27th AGM") of MTD ACPI Engineering Berhad to be held at the Registered Office, Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan. The Notice of the 27th AGM, Proxy Form, Annual Report 2020 and the Circular are available on the Company's website www.mtdacpi.com.

The Proxy Form must be completed and lodged at the Registered Office of the Company at Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan, not less than twenty-four (24) hours before the time set for the 27th AGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : 29 September 2020 at 9.30 a.m.

Date and time of the 27th AGM : 30 September 2020 at 9.30 a.m.

This Circular is dated 28 August 2020

DEFINITIONS

Except where the context otherwise indicates, the following definitions shall apply throughout this Circular:

Act	:	Companies Act 2016 as amended from time to time and any re-enactment thereof
ACE	:	Alloy Concrete Engineering Sdn Bhd, a wholly-owned subsidiary of Alloy
ACSB	:	Alloy Capital Sdn Bhd, a wholly-owned subsidiary of Alloy
AGM	:	Annual General Meeting of MTD ACPI
Alloy	:	Alloy Consolidated Sdn Bhd, the ultimate holding company of MTD ACPI
Alloy Group	:	Alloy and its subsidiaries excluding MTD Group and MTD ACPI Group
APSB	:	Alloy Properties Sdn Bhd, a 99.5%-owned subsidiary of Alloy
Board	:	Board of Directors of MTD ACPI
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to the shareholders of MTD ACPI dated 28 August 2020
Dato' Nik Faizul	:	Dato' Nik Faizul Bin Tan Sri Nik Hussain <ul style="list-style-type: none">- Director of Alloy, ACSB, ACE, APSB, MTD, MESB, MTDC and Nikvest- Indirect Major Shareholder of MTD, Metacorp, MESB, LSSB, MTD ACPI, MTDC and Nikvest- Son of Tan Sri Dr. Nik Hussain- Sibling of Nik Faeruz
Director(s)	:	As defined under Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months from the date on which the terms of the transactions were agreed upon, a director of the Company or any other company which is its subsidiary or holding company or a chief executive officer of the Company, its subsidiary or holding company
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, including any amendment thereto that may be made from time to time
LPD	:	Latest Practicable Date which is 30 July 2020 (being a date which is not more than one month prior to the date of the Circular)
LSSB	:	Lambang Simfoni Sdn Bhd, the immediate holding company of Metacorp
Major Shareholder(s)	:	A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares is: <ul style="list-style-type: none">(a) 10% or more of the total number of voting shares in the Company; or(b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the corporation. <p>For the purpose of this definition, "interest in shares" has the same meaning given in Section 8 of the Act. A major shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or its subsidiaries or holding company</p>
Metacorp	:	Metacorp Berhad, a wholly-owned subsidiary of MTD
MTD	:	MTD Capital Bhd, the immediate holding company of MTD ACPI
MTDC	:	MTD Construction Sdn Bhd, a wholly-owned subsidiary of MTD ACPI
MESB	:	MTD Equity Sdn Bhd, a wholly-owned subsidiary of MTD
MTD Group	:	MTD and its subsidiaries excluding MTD ACPI Group
MTD ACPI or Company	:	MTD ACPI Engineering Berhad
MTD ACPI Group	:	MTD ACPI and its subsidiaries

DEFINITIONS (Cont'd)

Nik Faeruz	:	Nik Faeruz Binti Tan Sri Nik Hussain <ul style="list-style-type: none">- Director of ACE, ACSB, MTD, MESB, MTD ACPI and Nikvest- Daughter of Tan Sri Dr. Nik Hussain- Sibling of Dato' Nik Faizul
Nikvest	:	Nikvest Sdn Bhd, a major shareholder of MTD
Person(s) Connected	:	Such person, (referred to as "said Person") who falls under any one of the following categories: <ul style="list-style-type: none">(a) a family member of the said Person;(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;(c) a partner of the said Person;(d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;(e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;(f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or(g) a body corporate which is a related corporation of the said Person
Proposals	:	Proposed Renewal of RRPT Mandate and Proposed Additional RRPT Mandate
Proposed Additional RRPT Mandate	:	Proposed Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature
Proposed Renewal of RRPT Mandate	:	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
Related Party(ies)	:	Director(s), Major Shareholder(s) or Person(s) Connected with such Director or Major Shareholder(s) of MTD ACPI Group. For the purpose of this definition, Director, Major Shareholder have the meanings define herein
Related Party Transaction	:	A transaction entered into by MTD ACPI Group which involves the interest, direct or indirect, of a related party
RRPT(s)	:	A Related Party Transaction which is recurrent, of a revenue or trading nature entered into by MTD ACPI Group which involves the interest, direct or indirect, of a Related Party as defined herein and which is necessary for day-to-day operations of MTD ACPI Group
RM	:	Ringgit Malaysia
Share(s)	:	Ordinary shares in MTD ACPI
Tan Sri Dr. Nik Hussain	:	Tan Sri Dr. Nik Hussain Bin Abdul Rahman <ul style="list-style-type: none">- Director of Alloy, MTD, LSSB, MESB, Metacorp, MTDC and Nikvest- Sole Shareholder of Alloy- Indirect Major Shareholder of ACE, ACSB, APSB, MTD, Metacorp, MESB, LSSB, MTD ACPI and MTDC- Father of Dato' Nik Faizul and Nik Faeruz
2019 Shareholders' Mandate	:	Approval of the shareholders obtained at the Twenty-Sixth AGM held on 5 September 2019 for both existing and additional RRPTs pursuant to chapter 10.09 of the Listing Requirements to enable MTD ACPI Group to enter into RRPT, which shall lapse at the conclusion of the forthcoming 27th AGM of MTD ACPI to be held on 30 September 2020
2020 Shareholders' Mandate	:	To seek shareholders' approval at the forthcoming 27th AGM of MTD ACPI to be held on 30 September 2020 for both existing and additional RRPTs pursuant to chapter 10.09 of the Listing Requirements, to be entered into by MTD ACPI Group as listed in Section 2.3 of the Circular, from the date of forthcoming 27th AGM until the conclusion of the next AGM of MTD ACPI to be held in 2021

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MTD ACPI ENGINEERING BERHAD

Registration No. 199301004099 (258836-V)
(Incorporated in Malaysia)

Registered Office
Menara MTD
1, Jalan Batu Caves
68100 Batu Caves
Selangor Darul Ehsan

28 August 2020

The Board of Directors

Dato' Ir. Kalid Bin Alias (*Chairman, Independent Non-Executive Director*)
Dato' Ir. Wan Razali Bin Wan Muda (*Independent Non-Executive Director*)
Nik Din Bin Nik Sulaiman (*Senior Independent Non-Executive Director*)
Nik Faeruz Binti Tan Sri Nik Hussain (*Non-Independent Non-Executive Director*)
Keith George Cowling (*Non-Independent Executive Director*)

To : The Shareholders of MTD ACPI Engineering Berhad

Dear Sir / Madam,

- i) **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE; AND**
- ii) **PROPOSED SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

1.0 INTRODUCTION

In accordance to Part E, Chapter 10.09 of the Listing Requirements, the Company had obtained 2019 Shareholders' Mandate for MTD ACPI Group to enter into RRPTs with Related Parties at the Company's AGM held on 5 September 2019. The 2019 Shareholders' Mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 27th AGM to be held on 30 September 2020, unless renewed.

In connection thereto, the Company had on 14 August 2020 announced to Bursa Securities its intention to seek shareholders' approval for the Proposed Renewal of RRPT Mandate and Proposed Additional RRPT Mandate at the forthcoming 27th AGM.

The purpose of this Circular is to provide the details of the Proposals and to seek your approval for the ordinary resolutions related thereto to be tabled at the 27th AGM to be held on 30 September 2020 at 9.30 a.m. or any adjournment thereof.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS TO APPROVE THE PROPOSALS AT THE 27TH AGM.

2.0 DETAILS OF THE PROPOSALS

2.1 Details of MTD ACPI Group

The principal activities of MTD ACPI are investment holding company and project management. The principal activities of its subsidiaries are civil engineering and construction works, manufacturing and marketing of precast concrete products for infrastructure projects and buildings, manufacturing of concrete roof tiles, provision of consultancy and management services.

It is anticipated that MTD ACPI Group would, in the ordinary course of its business, enter into the RRPTs which are necessary for its day-to-day operations with the Related Parties which are disclosed in Section 2.2 of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

2.2 Related Parties

(A) MTD Group

MTD is the immediate holding company of MTD ACPI. MTD has direct interest of 0.87% and total indirect interest of 49.90% in MTD ACPI through the interest of its wholly-owned subsidiaries namely, MESB and Metacorp of 38.10% and 11.80% respectively. MTD has direct interest of 8.60% and indirect interest of 91.40% in Metacorp through its wholly-owned subsidiary, LSSB.

The principal activities of MTD are investment holding and provision of project management services while its subsidiaries and joint venture companies are engaged in the following core businesses:

- (i) infrastructure development;
- (ii) provision of project consultancy services;
- (iii) turnkey and project management services;
- (iv) construction, building and public engineering works;
- (v) property development and letting of property;
- (vi) solid waste management;
- (vii) manufacturing and marketing of specialty highways and safety products and related services; and
- (viii) construction, manufacturing and marketing of heavy element precast products for viaducts, elevated highways, highways, light rail transit guideways and bridges and construction related businesses.

(B) Alloy Group

Alloy is an investment holding company and the ultimate holding company of MTD ACPI. Alloy has total indirect interest of 67.78% in MTD ACPI through the interests of its subsidiaries namely, MTD and ACSB of 50.77% and 17.01% respectively. Alloy has direct interest of 26.01% in MTD and indirect interest of 51.18% through the interest of its wholly-owned subsidiaries, ACSB and ACE of 47.78% and 3.40% respectively.

The principal activities of Alloy Group are highways and general construction, investment holding, roads and highway maintenance, soil erosion control services, highway management and toll operation, outdoor advertising services, management of properties and insurance broker.

(C) APSB

APSB is a 99.5%-owned subsidiary of Alloy and its principal activities are provision of funding and treasury related services and management of properties. APSB is the owner of Menara MTD located at 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan. MTD ACPI will be entering into tenancy agreement with APSB for rental of office space in Menara MTD.

MTD, Alloy, ACSB, MESB, Metacorp and LSSB are interested Major Shareholders of MTD ACPI.

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2.3 Nature of RRPT and Estimated Values

The details and nature of the Proposals are as follows.

A. PROPOSED RENEWAL OF RRPT

The 2020 Shareholders' Mandate for which approval is now being sought for the renewal of RRPT and additional RRPT are set out in the table below:

Related Party ⁽¹⁾	Nature of Transactions	2019 Shareholders' Mandate			2020 Shareholders' Mandate	Interested Directors, Major Shareholders of MTD ACPI and Persons Connected ⁽⁵⁾
		(A) Estimated Value of Transaction (RM' million)	(B) Actual Value of Transaction Conducted up to LPD (RM' million)	(C) Deviation between Value in (A) and (B) of more than 10%	(D) Estimated Value of Transaction ⁽²⁾ (RM' million)	
Alloy Group	Procurement of insurance and related services from Alloy Group	2	0.4	Nil	2.11	Interested Directors in MTD ACPI Group Tan Sri Dr. Nik Hussain and Dato' Nik Faizul Interested Major Shareholders Alloy, ACSB, MTD, MESB, Metacorp, LSSB, Tan Sri Dr. Nik Hussain and Dato' Nik Faizul Persons Connected Nik Faeruz and Keith George Cowling
	Provision of civil engineering, construction and property development projects awarded by MTD ACPI Group to Alloy Group	8	0.0	Nil	20	
	Supply of infrastructure, construction and building materials and ancillary installation works by MTD ACPI Group to Alloy Group	2	0.0	Nil	Nil	
	Procurement of advertising services from Alloy Group	0.1	0.0	Nil	Nil	
	Office rental paid / payable to APSB, on a monthly basis for renting of office space at Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan, for tenancy period of one (1) year effective from 1 October 2019, at monthly rental of RM182,155 (inclusive of utilities charges and other expenses) (Expiring of tenancy on 30 September 2020)	2.2	1.8	Nil	Nil	

A. PROPOSED RENEWAL OF RRPT (Cont'd)

		2019 Shareholders' Mandate			2020 Shareholders' Mandate	
Related Party ⁽¹⁾	Nature of Transactions	(A) Estimated Value of Transaction (RM' million)	(B) Actual Value of Transaction Conducted up to LPD (RM' million)	(C) Deviation between Value in (A) and (B) of more than 10%	(D) Estimated Value of Transaction ⁽²⁾ (RM' million)	Interested Directors, Major Shareholders of MTD ACPI and Persons Connected ⁽⁵⁾
MTD Group	Office rental paid / payable to MTD Group, on a monthly basis for renting of site office at Boulevard, Phase 16C, Taman Tasik Utama, Ayer Keroh, 75450 Melaka, for tenancy of not more than three (3) years at a revised monthly rental of RM600	0.05	0.0006	Nil	0.0072	Interested Directors in MTD ACPI Group Tan Sri Dr. Nik Hussain and Dato' Nik Faizul
	Provision of civil engineering, construction and property development works by MTD ACPI Group to MTD Group	100	41.9	Nil	65	
	Interest payable to MTD Group for advances provided to MTD ACPI Group	10	1.5	Nil	2	
	Internal Audit fees payable to MTD Group	0.6	0.2	Nil	0.25	
	Provision for management services rendered to MTD Group by MTD ACPI Group	5	0.0	Nil	Nil	
	Provision for project management services rendered to MTD ACPI Group by MTD Group	5	0.0	Nil	Nil	
	Interest receivable by MTD ACPI Group for advances provided to MTD Group	1	0.4	Nil	0.3	Persons Connected Nik Faeruz and Keith George Cowling

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B. PROPOSED ADDITIONAL RRPT

Related Party ⁽¹⁾	Nature of Transactions	Estimated Value of Transaction ⁽²⁾ (RM' million)	Interested Directors, Major Shareholders of MTD ACPI and Person Connected ⁽⁵⁾
APSB	Office rental payable to APSB, on a monthly basis for renting of office space at Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan, for a tenancy period of two (2) years effective from 1 October 2020, at monthly rental of RM196,722 (inclusive of utilities, maintenance and other expenses) ⁽³⁾	2.4	<u>Interested Directors in MTD ACPI Group</u> Tan Sri Dr. Nik Hussain and Dato' Nik Faizul
MTD Group	Provision of civil engineering, construction and property development works by MTD ACPI Group to MTD Group	20	<u>Interested Major Shareholders</u> Alloy, ACSB, MTD, MESB, Metacorp, LSSB, Tan Sri Dr. Nik Hussain and Dato' Nik Faizul
MTD Group	Subcontract works (e.g. road paving work, road marking work or other contract works) by MTD ACPI to MTD Group	3.2	<u>Persons Connected</u> Nik Faeruz and Keith George Cowling

Notes:

- ⁽¹⁾ Anticipated or potential Related Parties of MTD ACPI Group.
- ⁽²⁾ The estimated aggregate value of transactions based on information available at the time of estimation. The actual value may vary from the estimated value disclosed due to the nature of transactions.
- ⁽³⁾ The estimated value of transaction is based on revised rental rate of RM5.40 per square feet inclusive utilities, maintenance and other expenses. MTD ACPI Group will enjoy other facilities provided by APSB not limited to, car parking space, meeting rooms, library, training rooms, function hall, café, staff refreshment and services without any additional cost.
- ⁽⁴⁾ Advances provided to MTD Group are unsecured, payable upon demand in cash and cash equivalents which bears interest of 6.52% per annum.
- ⁽⁵⁾ Details of Interested Major Shareholders, Directors and Persons Connected are set out in Section 2.9 of this Circular.

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2.4 Amount Due and Owing to MTD ACPI Group by Related Parties

The breakdown of the total outstanding amount due and owing by Related Parties under the RRPTs which exceeded the credit terms as at end of the financial year ended 31 March 2020 ("Outstanding Receivables") are as follows:

Related Party	Nature of Transactions	Principal Sum (RM)	Outstanding Receivables (RM)		
			≤ 1 year	> 1 year to 3 years	> 3 years to 5 years
Alloy Group	Highway maintenance contracts	Nil	Nil	Nil	Nil
MTD Group	Construction works	23,218,053	0	16,974,896	Nil

The management of the Company monitors and analyses the collection of Outstanding Receivables on regular basis, and engaged the Related Parties for payment.

There is no late payment interest imposed on the Outstanding Receivables as a matter of goodwill gesture in view of the active on-going transactions between the parties. The Company had collected a total of RM41,347,583 during the financial year ended 31 March 2020.

The Board is aware of the Outstanding Receivables which exceeded the credit term and opined that the Outstanding Receivables are trade in the ordinary course of business, and there was no recoverability issue as the Related Parties have good credit standing and long standing business relationship with MTD ACPI Group.

2.5 Rationale and Benefits of the Proposals

The rationale and benefits of the Proposals are as follows:

- (a) The RRPT would create mutual benefits for MTD ACPI Group and the Related Parties, and reflect the objectives of the entire group comprising Alloy Group, MTD Group and MTD ACPI Group, to achieve synergy for efficient and effective day-to-day operations, and ensure prompt provision of reliable services and products from each other;
- (b) MTD ACPI Group have long standing relationship with the Related Parties and as such, could take advantage of reliability in the standard of services, support provided, sharing of product information, relevant experience and expertise; and further, have the added advantage of confidence and familiarity with the background and management of the Related Parties and *vice-versa*, thus enabling more informed decision-making by MTD ACPI Group;
- (c) The RRPT will enhance the business of MTD ACPI Group, which are time-sensitive, confidential and frequent without having to make immediate announcements and convening separate general meetings of the Company, to seek shareholders' approval for transactions pursuant to the financial limits imposed by Bursa Securities under Paragraph 10.08 of the Listing Requirements. This will substantially reduce expenses associated with the convening of general meetings on an ad-hoc basis, improve administration efficiency and allow manpower resources and time to be channeled towards attaining other corporate objectives; and
- (d) To facilitate transactions with Related Parties which are priced competitively and carried out in the ordinary course of business, entered into at arm's length and ordinary commercial terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interests of the minority shareholders.

2.6 Review Procedures for the RRPT

There are procedures established by MTD ACPI Group to ensure that RRPT are undertaken on arm's length basis and on normal commercial terms consistent with the business practices and policies of MTD ACPI Group, which are generally not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders. The procedures are as follows:

- (a) A list of Related Parties of MTD ACPI Group will be circulated to the Directors and management of the Company and its subsidiaries to notify that all RRPT are required to be undertaken on arm's length basis and on normal commercial terms and on terms not more favourable to the Related Party than those generally available to the public and not detrimental to the minority shareholders;
- (b) All RRPTs will be reviewed by the Audit Committee on quarterly basis. Any member of the Audit Committee may as he deems fit, requests for additional information pertaining to the transactions including from independent sources or advisers;
- (c) The management of MTD ACPI will monitor and review all RRPT which are entered into pursuant to shareholders' mandate. The RRPT will be recorded in a register and the breakdowns of aggregate value of the transactions during the financial year are disclosed in the annual report of the Company;

- (d) The annual internal audit plan shall incorporate a review of all RRPT entered into pursuant to shareholders' mandate, to ensure that relevant approvals have been obtained and review procedures in respect of RRPT have been complied with;
- (e) The Board and the Audit Committee of MTD ACPI shall review the internal audit reports to ascertain that the review procedures established to monitor, track and identify RRPT in a timely and orderly manner are adequate and have been complied with;
- (f) If a member of the Board or Audit Committee has an interest in the transaction to be reviewed by the Board or the Audit Committee as the case may be, he will not participate in deliberation of such transaction and will abstain from any decision-making in the Board or the Audit Committee in respect of that transaction;
- (g) The management of MTD ACPI will ensure at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services, and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same/substantially similar type of products/services and/or quantities. Where there is no similar or substantially similar nature of transactions between MTD ACPI Group and unrelated third parties; the price, terms and conditions of the transactions for the products or services will be in accordance with applicable industry norms, prevailing commercial rates and will not be detrimental to the minority shareholders;
- (h) The thresholds value of RRPTs for review by the Audit Committee and recommendation to the Board for approval are as follows:
 - (i) Renting of office space at Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan from MTD Group exceeding RM1 million per contract;
 - (ii) Procurement of insurance and related services from Alloy Group exceeding RM500,000 per contract;
 - (iii) Provision/award and acceptance of construction, property development or project management services contracts exceeding RM15 million per contract;
 - (iv) Supply of materials and construction of ancillary installations works exceeding RM10 million per contract; and
 - (v) Provision of interest on advances provided by MTD Group to MTD ACPI Group exceeding RM1 million per transaction;
- (i) The cost plus method, if deemed necessary, will be used to determine the price of the transactions. This method determines the arm's length price by adding an appropriate mark-up to the cost of transaction at a percentage not more favourable to the Related Parties than those generally available to unrelated third parties and ensures that the RRPT are not detrimental to MTD ACPI Group; and
- (j) The Company will immediately announce to Bursa Securities of any actual value of a RRPT exceeding the estimated value of the RRPT shareholders' mandate disclosed in this Circular by ten percent (10%) or more and include, information as may be prescribed by Bursa Securities in its announcement.

2.7 Statement by the Audit Committee

The Audit Committee (save and except for Nik Faeruz) of the Company has considered the procedures and processes mentioned in Section 2.6 on an annual basis and is satisfied that MTD ACPI Group have in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner as well as, sufficient to ensure the RRPTs are entered into at arm's length basis and not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders.

2.8 Validity Period of the Proposals

The Proposals if approved at the forthcoming 27th AGM, will take immediate effect and shall continue to be in force until:-

- i) the conclusion of the next AGM at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority is renewed;
- ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

2.9 Interested Major Shareholders, Directors and Persons Connected to them

As at LPD, the direct and indirect interests of the interested Major Shareholders, interested Directors and Persons Connected to them, are as follows:

Major Shareholders	No of ordinary shares			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
MESB	88,000,000	38.10	-	-
Metacorp	27,254,610	11.80	-	-
ACSB	39,295,999	17.01	117,269,410	50.77 ⁽²⁾
LSSB	-	-	27,254,610	11.80 ⁽³⁾
MTD	2,014,800	0.87	115,254,610	49.90 ⁽⁴⁾
Alloy	-	-	156,565,409	67.78 ⁽⁵⁾
Nikvest	-	-	117,269,410	50.77 ⁽⁶⁾
Tan Sri Dr. Nik Hussain	-	-	156,565,409	67.78 ⁽⁷⁾
Dato' Nik Faizul	-	-	117,278,660	50.77 ⁽⁸⁾
Persons Connected				
Directors of the Company				
Nik Faeruz	-	-	-	-
Keith George Cowling	-	-	-	-

Notes:

- (1) Net of 637,000 treasury shares held.
- (2) Deemed interested by virtue of its major shareholding in MTD.
- (3) Deemed interested by virtue of its major shareholding in Metacorp.
- (4) Deemed interested by virtue of the interests of its wholly-owned subsidiaries namely, MESB and Metacorp.
- (5) Deemed interested by virtue of the interests of its subsidiaries namely, MTD and ACSB. Alloy has direct shareholding of 26.01% and indirect shareholding of 51.18% in MTD through its wholly-owned subsidiaries, ACSB (47.78%) and ACE (3.40%).
- (6) Deemed interested by virtue of its major shareholding in MTD.
- (7) Deemed interested by virtue of his interests in MTD through his children's shareholdings in Nikvest and his 100% shareholding in Alloy.
- (8) Deemed interested by virtue of his spouse's shareholding in MTD ACPI and his indirect interest in Nikvest.

(i) Interested Major Shareholders

Alloy is the ultimate holding company of MTD ACPI with total indirect interest of 67.78% in MTD ACPI through the interests of its subsidiaries namely, MTD and ACSB of 50.77% and 17.01% respectively.

Alloy has direct interest of 26.01% in MTD and indirect interest of 51.18% through the interest of its wholly-owned subsidiaries, ACSB and ACE of 47.78% and 3.40% respectively. The total effective interest of Alloy and its wholly-owned subsidiaries in MTD is 77.19%.

MTD is the immediate holding company of MTD ACPI with direct shareholding of 0.87% and total indirect interest of 49.90% through the interest of its wholly-owned subsidiaries namely, MESB and Metacorp of 38.10% and 11.80% respectively. MTD has direct interest of 8.60% and indirect interest of 91.40% in Metacorp through its wholly-owned subsidiary, LSSB.

Tan Sri Dr. Nik Hussain has indirect interest of 67.78% in MTD ACPI by virtue of holding 100% shareholding in Alloy and his children's indirect interests in Nikvest, a major shareholder of MTD (22.81%).

Tan Sri Dr. Nik Hussain has indirect interest of 99.76% in APSB by virtue of holding 100% shareholding in Alloy and 51% shareholding in Anih Assets Sdn Bhd, a shareholder of APSB.

Dato' Nik Faizul has indirect interest of 50.77% in MTD ACPI through his interest in Nikvest and his spouse's shareholding in MTD ACPI.

The interested Major Shareholders namely, Tan Sri Dr. Nik Hussain, Dato' Nik Faizul, Alloy, ACSB, MTD, MESB, Metacorp, LSSB and Nikvest, will abstain from voting in respect of its direct and indirect shareholdings in MTD ACPI on the ordinary resolutions for the Proposals to be tabled at the forthcoming 27th AGM.

The interested Major Shareholders have also undertaken to ensure that the Persons Connected to them, including Nik Faeruz and Keith George Cowling, will abstain from voting in respect of their direct and indirect interests in the Company pertaining to the ordinary resolutions for the Proposals at the forthcoming 27th AGM.

(ii) Interested Directors and Persons Connected

- (a) Nik Faeruz, Non-Independent Non-Executive Director of MTD ACPI is deemed a Person Connected as she is the Director of MTD, and being nominated to the Board of MTD ACPI by MTD as well as, a person connected to the interested Major Shareholders namely, Tan Sri Dr. Nik Hussain and Dato' Nik Faizul.
- (b) Keith George Cowling, Non-Independent Executive Director of MTD ACPI is deemed a Person Connected due to his executive capacity in MTD and being nominated to the Board of MTD ACPI by MTD.

The abovementioned Directors who are deemed interested in the RRPTs, will abstain from all deliberations and voting on the matters relating to the RRPTs at all Board meeting and/or Audit Committee meetings and will also abstain from voting in respect of their direct and indirect shareholding in the Company, if any, on the ordinary resolutions for the Proposals to be tabled at the forthcoming 27th AGM.

They have also undertaken to ensure that Persons Connected to them, including the Interested Major Shareholders, will abstain from voting in respect of their direct and indirect interests in the Company pertaining to the ordinary resolutions for the Proposals at the forthcoming 27th AGM.

Save as disclosed above, none of the other Directors or Major Shareholders of the Company or Persons Connected with them have any interest, direct or indirect in the RRPTs.

2.10 Financial Effects of the Proposals

The Proposals will have no effect on the issued and paid-up share capital of MTD ACPI, Major Shareholders' shareholdings, net assets and earning per share of MTD ACPI Group.

3.0 APPROVAL REQUIRED

The Proposals are subject to the approval being obtained from the shareholders of MTD ACPI at the 27th AGM to be convened. The Proposed Renewal of RRPT Mandate and Proposed Additional RRPT Mandate are not inter-conditional.

4.0 DIRECTORS' RECOMMENDATION

The Board (save and except for Nik Faeruz and Keith George Cowling), having considered all aspects of the Proposals is of the opinion that the Proposals are in the best interest of MTD ACPI Group.

Accordingly, the Board (save and except for Nik Faeruz and Keith George Cowling) recommend that you vote in favour of the ordinary resolutions in relation to the Proposals to be tabled at the 27th AGM.

5.0 AGM

The 27th AGM of MTD ACPI will be held at Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan on Wednesday, 30 September 2020 at 9.30 a.m., for the purpose of considering and if thought fit, passing the ordinary resolutions as set out in the Notice of 27th AGM to approve the Proposals.

The Proxy Form for the 27th AGM is enclosed together with the Company's Notice of 27th AGM and is available through the Company's website at www.mtdacpi.com.

If you are unable to attend or vote in person at the 27th AGM and wish to appoint a proxy to attend and vote in your stead, you are requested to complete, sign and return the Proxy Form in accordance with the instructions printed thereon to the Registered Office of the Company at Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan not less than twenty-four (24) hours before the time set for the AGM or any adjournment thereof. The lodging of the Proxy Form does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

6.0 FURTHER INFORMATION

Shareholders are advised to refer to Appendix I of this Circular for further information.

Yours faithfully
For and on behalf of the Board of
MTD ACPI ENGINEERING BERHAD

NIK DIN BIN NIK SULAIMAN
Senior Independent Non-Executive Director

APPENDIX I

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATION

Save as disclosed below, as at LPD, MTD ACPI Group is not engaged in any material litigation, claims or arbitration either as a plaintiff or defendant which has a material effect on the financial position of MTD ACPI Group and the Board is not aware of any other proceedings, pending or threatened against MTD ACPI Group, or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of MTD ACPI Group.

(i) In the matter of an arbitration between MTD Construction Sdn Bhd and Kerajaan Malaysia

MTD Construction Sdn Bhd ("Claimant"), a wholly-owned subsidiary of MTD ACPI has entered into a formal contract ("Contract") with the Kerajaan Malaysia ("GOM" or "Respondent") for the Claimant to undertake the design and construction of "*Projek Jalan Raya Simpang Pulai-Lojing-Gua Musang ke Kuala Berang, Pakej 2 (dari Pos Selim, Perak Darul Ridzuan ke Ladang Blue Valley, Kampung Raja, Cameron Highlands, Pahang Darul Makmur)*" ("Project"), upon the terms and conditions of the Contract. Pursuant to an agreement between the Superintendent Officer ("S.O") of the Project (acting as the representative of the Respondent), the Claimant had provided a retention bond of RM14.1 million in the form of a bank guarantee ("Retention Guarantee") issued by HSBC Bank Malaysia Berhad ("HSBC"), in lieu of the retention monies to be withheld by the Respondent pursuant to the terms and provisions of the Contract. The Respondent had on 17 August 2010 issued a notice to HSBC demanding the pay out of the Retention Guarantee on the grounds of breach of the terms and conditions of the Contract by the Claimant.

The Claimant had on 9 November 2010 filed an application at the Kuala Lumpur High Court under Suit No. D-22NCC-2075-2010 for among others, an injunction against the Respondent and HSBC to restrain the Respondent from making a demand on the Retention Guarantee and HSBC from making a payment on the Retention Guarantee until final disposal of the application. The application was heard on 18 February 2011 and the Court had dismissed the application with cost of RM20,000.00 to the Respondent and RM10,000.00 for HSBC.

In addition to the above, the S.O has continuously demanded the Claimant to rectify the slope at Chainage (Ch.) 26+000 of the Project which has shown distress.

In view of the foregoing and to safeguard the interest of the Claimant, the Claimant had on 14 June 2011 issued the Notice of Dispute and Notice of Arbitration pursuant to Clause 52 of the Contract requiring the dispute to be referred to an arbitration, inter alia:-

- (i) that the Respondent had wrongly demanded the paid out of the Retention Guarantee and that the amount so paid out of the Respondent on the Retention Guarantee ought to be refunded to the Claimant;
- (ii) that the S.O ought to issue a Certificate of Making Good Defects to the Claimant; and
- (iii) a declaration by the arbitral tribunal that the Claimant was not liable to rectify the distress on the slope at Ch.26+000 of the Project and the Claimant would not be responsible for any failures on any part of the Project.

On 9 August 2012, an Arbitrator has been appointed by the Kuala Lumpur Regional Centre of Arbitration.

The hearing of this matter had already begun since 17 September 2013 and few hearing dates had been fixed and proceeded up to 10 February 2014.

However the continued hearing of this matter had been postponed pending the disposal of Respondent's application to amend their Points of Defence which was filed on the 28 February 2014. Hearing for the Respondent's application was held on the 7 March 2014 and vide an order dated 14 March 2014, the Arbitrator had accepted the Respondent's arguments to support its application except on the issue of whether the Respondent's application is time barred. The Arbitrator had on 17 April 2014 given further directions for parties to file their respective affidavits and written submissions by 13 June 2014 and date for the oral submissions will be fixed by the Arbitrator. The Claimant had thereafter requested for the filing of its submissions to be deferred to 30 June 2014 due to the witness of the Claimant being on long medical leave post-surgery.

The Claimant had on 17 November 2014 requested the Arbitrator to reconsider his partial decision on the Respondent's application to amend its Points of Defence and Counterclaim as the amendments concerns the addition of new dispute, i.e. the claim for the alleged failure at Ch. 23+650 – Ch. 24+100 LHS, and a

substantial increase in the quantum of the counterclaim. The Claimant further state that the Respondent has confirmed that the counterclaim is by way of a counterclaim and not set-off. This is thus a new cause of action that has not previously been referred to and be part of the Arbitrator's jurisdiction.

The Arbitrator had on 2 December 2014 responded that he had in his order dated 14 March 2014, given his ruling on the issue of jurisdiction after considering all the issues raised by the parties and therefore declined the Claimant's request to reconsider the order.

On 9 February 2015, the parties agreed to proceed accordingly with the hearing of the matter proper. The Claimant requested for the time barred issue to be deliberated in the hearing proper and for the Arbitrator to decide this matter at the end of the arbitration proceeding. The Arbitrator had then given his further directions on the filing of the parties' respective submissions with respect of the Respondent's application to amend its Points of Defence.

On 9 June 2015, the Claimant had filed its Amended Reply to Defence and Amended Defence to Counterclaim and on 3 July 2015, the Respondent had filed its Reply to the Amended Reply to Defence and Amended Defence to Counterclaim.

Hearing of the arbitration then resumed on 21 January 2016 with the hearing of the factual witnesses of the parties and was finally concluded on 30 June 2016 with the hearing of the expert witnesses of the parties and following which, the Arbitrator had directed the parties to file the parties' respective closing submission before delivering his decision.

The parties have, after few extensions of time for the submissions with the consent of the Arbitrator, finally submitted and exchanged their respective closing written submissions to the Arbitrator on 24 February 2019.

On 15 October 2019, the Arbitrator has published the Final Award Save as to Costs dated 13 September 2019 declaring, directing and/or awarding in favour of the Claimant the following:

- (i) The Claimant is not responsible to rectify the distress on the slope at Chainage (Ch.) 26+000 of the Project;
- (ii) The Claimant ought to have been issued with a Certificate of Completion of Making Good Defects as at 23 February 2006;
- (iii) The Respondent had wrongly called or demanded the pay out of the Retention Guarantee;
- (iv) The Respondent shall pay or refund to the Claimant the sum of RM14,100,000.00 being the amount of the Retention Guarantee;
- (v) The Respondent shall pay to the Claimant simple interest on the sum of RM14,100,000.00 at the rate of 5% per annum from 3 March 2011 to the date of full payment of this sum;
- (vi) The costs and expenses of the Arbitration shall be paid by the Respondent to the Claimant, the quantum of which shall be determined and awarded at a later time, if required by the parties; and
- (vii) All counterclaims by the Respondent are dismissed.

The Respondent has vide a letter dated 30 January 2020 to the Claimant's solicitor, requested for the submission of the claim from the Claimant. Accordingly, the Claimant has on 13 February 2020 submitted its Final Claim to the Respondent.

As of the date of this Circular being published, the Claimant has yet to receive the payment of the Claimant's Final Claim from the Respondent.

(ii) **Shah Alam High Court Suit No. 22C-7-05/2014
Persys Engineering Sdn Bhd v Waterize Resources Sdn Bhd**

On 5 May 2014, Persys Engineering Sdn Bhd ("Plaintiff"), a wholly-owned subsidiary of MTD ACPI, filed a Writ of Summons and Statement of Claim against Waterize Resources Sdn Bhd ("Defendant") for the outstanding sum of RM1,901,620.00 for works done arising from the contract for the 'Site Clearance, Earthworks, Retaining Walls, and Drainage Works for *Cadangan Pembangunan di atas Lot 48731 (PT 45264), Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan*'.

The Defendant had on 2 June 2014 filed a counterclaim against the Plaintiff in the sum of RM1,095,875.00 being the alleged losses and damages suffered by them.

On 27 June 2014, the Plaintiff had filed a notice of application for summary judgment ("Summary Judgment").

The Court had on 10 October 2014 allowed the Summary Judgment for the sum of RM1,853,345.10 against the Defendant with costs of RM5,000.00 ("Order").

On 21 October 2014, the Defendant had filed a notice of appeal against the Order ("Appeal") and on 27 October 2014, the Defendant filed a notice of application for stay of execution of the Order ("Stay of Execution") pending the disposal of the Defendant's counterclaim.

The Plaintiff had on 12 November 2014 filed an application to strike out the Defendant's counterclaim ("Striking Out").

On 23 January 2015, the Court had allowed the Plaintiff's Striking Out with costs of RM2,500.00 and dismissed the Defendant's Stay of Execution with costs of RM2,500.00 ("Orders").

In view of the Orders, the Defendant had on 6 March 2015 filed notice of discontinuance of the Appeal.

The Plaintiff had on 21 April 2015 and 18 May 2015 served a statutory demand pursuant to Section 218 of the Companies Act 1965 to the Defendant.

As there was no response from the Defendant, the Plaintiff had then proceeded with winding-up petition against the Defendant.

On the hearing of the winding-up petition dated 2 November 2015, the Court had granted the Plaintiff an order in terms, as follows:

- a) that the Defendant be wound up;
- b) that the Director General of Insolvency be appointed as liquidator of the Defendant; and
- c) that the costs of the petition in the sum of RM5,000.00 be paid out of the assets of the Defendant.

The Plaintiff had then filed with the Malaysian Department of Insolvency ("MDI") a proof of debt on 15 December 2015.

As of the date of this Circular being published, MDI has yet to fix and call for the creditors' meeting. Further, the Plaintiff has been informed by the MDI that the winding-up process is still ongoing and that there is no possibility for any dividends can be declared as at the date hereof.

(iii) **Shah Alam High Court Civil Suit No. 22-1026-2009**
Gerbang Perdana Sdn Bhd v MTD ACPI Engineering Berhad and IC & E Group Sdn Bhd

MTD ACPI and IC & E Group Sdn Bhd ("2nd Defendant") (collectively, the "Defendants") through an unincorporated joint venture under the name of 'ACPI-ICE Joint Venture' have entered into a sub-contract dated 13 November 2003 for the 'Design, Construction, Completion and Commissioning of Road Bridge, Rail Bridge and Associated Works at Johor Bahru, Johor – Package: Road Bridge – Land Approach (RSB 03)' with Gerbang Perdana Sdn Bhd ("Plaintiff") ("Sub-Contract") which forms part of the contract dated 1 August 2003 entered into between the Plaintiff and the Government of Malaysia ("Government") for the 'Design, Construction, Completion and Commissioning of Gerbang Selatan Bersepadu Road Bridge, Rail Bridge and Associated Works at Johor Bahru, Johor' ("Main Contract").

The Government had on 5 February 2004, issued a stop work order to the Plaintiff and accordingly the Plaintiff had instructed the Defendants to demobilise its resources affected by the stop work order and to proceed with the works not affected by the Government's order. The Plaintiff and the Defendants have since entered into a without prejudice discussion to settle a dispute between the parties with respect to the rate of progress of the Sub-Contract and the possibility for the parties to enter into a new contract for the balance of works not affected by the order. The parties could not reached to an amicable conclusion and consequently agreed to consider invoking mutual termination of the Sub-Contract with the details of which to be finalised by the parties.

The Government had vide a letter dated 12 April 2006 repudiated the Main Contract and accordingly the Plaintiff had requested for the Defendants to submit their claim for works done upon the Government's instruction for the Plaintiff to submit its claims for works done, inclusive of the claims of any third parties aggrieved by the termination.

MTD ACPI had submitted its claim under the JV for its entitlement under the Sub-Contract but the Plaintiff insisted that the parties have agreed to mutually terminate the Sub-Contract on 15 February 2006 and that a new contract had been entered into between the Plaintiff and MTD ACPI, essentially refuting the entitlement to submit the claim under the Sub-Contract.

The Defendants had on 19 March 2009 issued a notice to refer the dispute to mediation pursuant to Clause 35 of the Sub-Contract and accordingly on 24 April 2009, referred the dispute to the Kuala Lumpur Regional Centre for Arbitration (KLRCA).

On 3 July 2009, the Plaintiff had filed and served a writ and statement of claim against the Defendants, seeking for, inter alia, the following:-

- (a) a declaration that the Plaintiff and Defendants have reached a mutual termination of the Sub-Contract on 15 February 2006;
- (b) a declaration that the Defendants' request for mediation dated 24 April 2009 is invalid;
- (c) a declaration that the conditions of the Sub-Contract including Clause 35 cannot be enforced after the mutual termination of the Sub-Contract;

- (d) an injunction order to stop the Defendants from initiating mediation and arbitration proceedings until further order from the Court and until the disposal of the Plaintiff's claims; and
- (e) general damages, interest, costs and other relief deemed fit by the Court.

MTD ACPI in return filed its counterclaim on 16 April 2010 against the Plaintiff for the following:-

- (a) damages in the amount of RM21,551,065.43, or as assessed by the Court;
- (b) further or alternatively:-
 - (i) an order that the Plaintiff account to MTD ACPI for all moneys received by it from the Government in respect of MTD ACPI's works;
 - (ii) an order that the Plaintiff pay to MTD ACPI all sums found to be due to MTD ACPI; and
- (c) costs and other relief deemed fit by the Court.

The Plaintiff had on 11 May 2006, 26 May 2006 and 8 September 2006 submitted its claims to the Government for works done in the total sum of RM169,044,853.00, inclusive of the claims of its subcontractors aggrieved by the termination in the sum of RM97,729,314.45.

The Government had paid the Plaintiff in stages from May 2006 to March 2007 in the total sum of RM257,449,876.72, of which the sum of RM102,449,877.82 being the payment of the Plaintiff's claim for the works done and the sum of RM154,999,999.00 as ex-gratia payment for the repudiation of the Main Contract.

On 24 November 2015, the Court had dismissed the Plaintiff's claims against MTD ACPI with costs of RM100,000.00 and the damages to be paid to MTD ACPI are to be assessed by the Court ("Order"). The Court had effectively allowed MTD ACPI's counterclaim in that the Plaintiff is to account to MTD ACPI for all moneys received by it from the Government in respect of MTD ACPI's works and that the Plaintiff pay MTD ACPI all sums found to be due to MTD ACPI after taking of such account.

The Plaintiff had on 28 December 2015 filed its notice of appeal against the Order to the Court of Appeal and on 2 August 2017, the Court of Appeal had dismissed the Plaintiff's appeal with costs of RM20,000.00.

On 30 August 2017, the Plaintiff had filed a notice of motion for leave to appeal to the Federal Court against the Order and on 30 January 2018, the Federal Court had dismissed the Plaintiff's notice of motion for leave to appeal to the Federal Court with costs of RM10,000.00.

Following the dismissal of the Plaintiff's appeal at the Court of Appeal and notice of motion for leave to appeal to the Federal Court, the Court had directed for the parties to proceed with the assessment of damages proceedings.

On 24 July 2018, MTD ACPI had filed a notice of application to serve interrogatories ("Interrogatories") on the Plaintiff with respect to the ex-gratia payment in the sum of RM154,999,999.00 received from the Government as compensation for the repudiation of the Main Contract. On 13 November 2018, the Court had granted MTD ACPI's Interrogatories application which in effect compelling the Plaintiff to answer MTD ACPI's questions in the Interrogatories.

On 7 December 2018, the Plaintiff had filed its answer to the Interrogatories essentially confirming that the Plaintiff had received the sum of RM154,999,999.00 from the Government, of which RM97,729,314.45 being the compensation to the Plaintiff's subcontractors under the Main Contract aggrieved from the repudiation of the Main Contract and that MTD ACPI entitlement thereunder is RM11,919,680.80. The Plaintiff further confirms that the Plaintiff has not paid to the other contractors any of the sums of the ex-gratia payment received from the Government.

Parties had on 26 April 2019 filed and exchanged affidavits in respect of the assessment of damages and on 22 November 2019 filed and exchanged their respective written submissions for assessment of damages whereby MTD ACPI had submitted the sum of RM11,919,680.80 being its portion of the ex-gratia payment received from the Government.

On 25 June 2020, the Court had delivered its decision with respect to the assessment of damages ("Assessment Order"), as follows:-

- (a) the Plaintiff to pay MTD ACPI the full sum claimed by the Plaintiff on behalf of MTD ACPI from the Government, i.e. RM 11,919,680.80 ("Judgment Sum");
- (b) the Plaintiff to pay MTD ACPI interest at 5% per annum on the Judgment Sum, from the date of the filing of the writ i.e. 3 July 2009 until full payment thereof; and
- (c) the Plaintiff to pay MTD ACPI the costs of the assessment of damages as well as the costs for the Interrogatories, in the sum of RM10,000.00.

On 7 July 2020, the Plaintiff has filed a Notice of Appeal against the entire Assessment Order and consequently, MTD ACPI has filed an appeal against paragraph (b) of the Assessment Order which awards interest from the date of the filing of the writ, as opposed to the date the Plaintiff received the ex-gratia payment from the Government ("Assessment Appeal").

As of the date of this Circular being published, the Court has directed the parties to file their written submissions with respect to the Assessment Appeals by 7 October 2020 and further fixed the Assessment Appeals for hearing on 22 October 2020.

(iv) **Shah Alam High Court Originating Summons No. BA-24C-36-05/2020 and Originating Summons No. BA-24C-41-05/2020**
SN Akmida Holdings Sdn Bhd v MTD Construction Sdn Bhd

MTD Construction Sdn Bhd ("Defendant"), a wholly-owned subsidiary of MTD ACPI had entered into a formal sub-contract entitled Package S208: Construction and Completion of Elevated Stations and Other Associated Works at Equine Park and Taman Putra Damai ("Sub-Contract") with SN Akmida Holdings Sdn Bhd ("Plaintiff") which forms part of Package V208: Construction and Completion of Viaduct Guideway and Other Associated Works from Taman Pinggiran Putra to Persiaran Alpinia awarded to the Defendant under the *Projek Mass Rapid Transit Laluan 2: Sungai Buloh - Serdang - Putrajaya (SSP)*, upon the terms and conditions of the Sub-Contract. Pursuant to the Sub-Contract, the Plaintiff had provided a bank guarantee no. 517BG18030884656 dated 8 March 2018 in the sum of RM10,985,000.00 ("Performance Bond") to secure the due performance of the Plaintiff's obligations under the Sub-Contract and a bank guarantee no. 517BG18031285287 dated 29 March 2018 in the sum of RM7,505,000.00 ("Advance Payment Guarantee") as security for the provision of advance payment by the Defendant to the Plaintiff pursuant to the terms and conditions of the Sub-Contract, both issued by Alliance Islamic Bank Berhad in favour of the Defendant.

The Defendant had vide a letter dated 8 May 2020, terminated the appointment of the Plaintiff as the sub-contractor for the Sub-Contract on the ground that the Plaintiff had failed to proceed regularly and diligently with the performance of its obligations under the Sub-Contract, persistently neglected to carry out its obligations under the Sub-Contract and failed to comply with the terms and conditions of the Sub-Contract.

Following the termination of the Plaintiff appointment under the Sub-Contract, the Defendant had issued a notice dated 6 May 2020 and 12 May 2020 to Alliance Islamic Bank Berhad, demanding the pay out of the Performance Bond and Advance Payment Guarantee respectively.

The Plaintiff had served on the Defendant the following:-

- (a) on 14 May 2020, an Originating Summons and Notice of Application both dated 12 May 2020 filed at the Shah Alam High Court under Originating Summons No. BA-24C-36-05/2020 for an order for an injunction against the calling of the Performance Bond ("Suit No. OS 36"); and
- (b) on 18 May 2020, an Originating Summons and Notice of Application both dated 14 May 2020 filed at the Shah Alam High Court under Originating Summons No. BA-24C-41-05/2020 for an order for an injunction against the calling of the Advance Payment Guarantee ("Suit No. OS 41").

The Court had on 14 May 2020 and 19 May 2020 issued an interim injunction order essentially restraining the Defendant from demanding the pay out of the Performance Bond and Advance Payment Guarantee respectively until 28 May 2020.

On 28 May 2020, the Court had directed that both Suit No. OS 36 and Suit No. OS 41 to be heard together, but not consolidated and further directed the parties to file its respective submissions with 1 September 2020 being fixed as the decision date.

The Court had also ordered that the interim injunction order dated 14 May 2020 and 19 May 2020 respectively be made an ad interim injunctive order to preserve the subject matter of the disputes, namely the Performance Bond and the Advance Payment Guarantee, until the final disposal and resolution of the Suit No. OS 36 and Suit No. OS 41 in the Court.

As of the date of this Circular being published, the parties are exchanging their respective submissions and the Court has yet to deliver the decision.

3. MATERIAL CONTRACTS

Save as disclosed below, MTD ACPI Group have not entered into any material contracts, not being contracts entered into in the ordinary course of business, within two (2) years immediately preceding the date of this Circular:

- (i) On 10 July 2019, MTD ACPI had entered into a Heads of Agreement with Putrajaya Perdana Berhad and Putra Perdana Development Sdn Bhd ("HOA") for the setting out of the general understanding and framework for the implementation of the following proposals:-
 - (a) acquisition of 100% equity interest in Orangebeam Construction Sdn Bhd (formerly known as Putra Perdana Construction Sdn Bhd) ("Orangebeam Construction") from Putrajaya Perdana Berhad for a purchase consideration to be determined at a later date ("Proposed Acquisition of Orangebeam Construction"); and

- (b) acquisition of 100% equity interest in Orangebeam Development Sdn Bhd (formerly known as Senandung Budiman Sdn Bhd) (“Orangebeam Development”) from Putra Perdana Development Sdn Bhd for a purchase consideration to be determined at a later date (“Proposed Acquisition of Orangebeam Development”),

(collectively, “Proposed Acquisitions”).

The parties shall execute the shares sale and purchase agreements for the acquisitions of Orangebeam Construction and Orangebeam Development (collectively, “Shares Sale and Purchase Agreements”) within three (3) months from date of the HOA or such other period as may be mutually agreed by the parties (“Exclusivity Period”). The execution of the Shares Sale and Purchase Agreements shall be subject to, inter alia MTD ACPI being satisfied with the results of the financial and legal due diligence of accounts, books and other records, assets and liabilities of Orangebeam Construction and Orangebeam Development within the Exclusivity Period.

- (ii) On 10 October 2019, MTD ACPI, Putra Perdana Development Sdn Bhd and Putrajaya Perdana Berhad have mutually agreed to extend the Exclusivity Period for a further period of six (6) months until 9 April 2020 to finalise the valuation, due diligence and negotiation on the terms of the Proposed Acquisitions prior to the execution of the Shares Sale and Purchase Agreements. Save for the extension of Exclusivity Period, all other terms and conditions of the HOA remain in full force and effect.
- (iii) On 18 February 2020, MTD ACPI, Putra Perdana Development Sdn Bhd and Putrajaya Perdana Berhad have entered into a deed of mutual termination to terminate the HOA (“Deed of Termination”) effective on even date. Pursuant to the Deed of Termination, each party shall not have any claims whatsoever against the other party pursuant to or in connection with the HOA.

4. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the Registered Office of the Company at Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan during normal business hours on Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the 27th AGM:

- (i) Constitution of MTD ACPI;
- (ii) Audited financial statements of MTD ACPI for the past two (2) financial years ended 31 March 2019 and 31 March 2020;
- (iii) The relevant cause papers in respect of material litigation referred to in Section 2 above; and
- (iv) Material contract referred to in Section 3 above.

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